



TRIBAL-STATE COMPACT FOR CLASS III GAMING

Between the

**Confederated Tribes of
The Colville Reservation**

and the

State of Washington

**CONFEDERATED TRIBES OF THE COLVILLE RESERVATION
and the
STATE OF WASHINGTON**

CLASS III GAMING COMPACT

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**CONFEDERATED TRIBES OF
THE COLVILLE RESERVATION**
and the
STATE OF WASHINGTON
CLASS III TRIBAL/STATE GAMING COMPACT

This Compact is adopted pursuant to the Indian Gaming Regulatory Act of 1988, Pub. L. No. 100-497, codified at 25 U.S.C. §§ 2701-2721 (hereafter "IGRA" or "Act").

INTRODUCTION

This Compact, including Appendices Colville, A, and X, which are incorporated by reference herein, shall govern the manner in which Class III gaming may be conducted on Colville Indian Lands over which the Confederated Tribes of the Colville Reservation (hereafter "the Tribes") has jurisdiction. The parties bound by this Compact are the Tribes, federally-recognized as an Indian Tribe and possessed of all sovereign powers and rights thereto pertaining; and the State of Washington (hereafter "State") as a sovereign state of the United States with all sovereign powers and rights thereto pertaining.

RECITALS

An understanding of the unique nature and characteristics of the Tribes and its people as well as the location of the Colville Reservation guides this Compact governing the conduct of Class III gaming on Colville Indian Lands.¹

- A. The Colville Reservation consists of approximately 1.4 million acres, making it one of the two largest reservations in the State of Washington, and among the largest in the United States. The Colville Reservation is located in the north central part of Washington State, and occupies an area that is sparsely populated and remote from the State's population centers. Health care facilities are often difficult to access, and health care for Colville Tribal members has been ranked among the poorest in the Nation.
- B. The Tribes is the largest employer in north central Washington. Colville Tribal Enterprise Corporation ("CTEC"), a wholly owned tribal corporation, contributes approximately 500 casino jobs and approximately \$10 million in annual casino payroll to the regional economy. CTEC also contributes approximately 400 additional full and part time positions to the local economy through its non-gaming operations. The Tribes

¹The "RECITALS" section of this Compact was prepared by the Tribes as an introduction to the Tribes and its governmental process. However, the State has no independent basis for verifying the facts contained within the RECITALS, and therefore, the State does not agree that the facts and representations contained in the RECITALS are true and correct. Nothing contained herein shall be construed to limit the Tribes' right to introduce evidence to support the facts and representations contained in these RECITALS in any arbitration and/or judicial or administrative tribunal with competent jurisdiction.

provides approximately 920 additional governmental jobs to the local economy. The region is dependent on agriculture and timber, and unemployment rates both on and off the Reservation reflect the seasonal nature of these occupations and the effects of international competition on local markets. Prior to 1986, unemployment rates on the Colville Reservation averaged 58%. Since 1986 and the establishment of the three Colville Tribal casinos, Tribal unemployment has dropped to 48%.

- C. Because of the Reservation's remote location, any gaming facility must rely on patrons who travel substantial distances. Approximately 50% of the patrons of Colville Tribal gaming travel more than 40 miles one-way, and many travel from Canada. Peak days are Saturday and Sunday when patrons find it easier and more convenient to travel. Due to long commuting distances and poorly developed road systems, the weather influences player participation, which tapers off significantly in winter months. The Tribes must ensure that once patrons are at one of its facilities, adequate gaming stations and gaming devices are available to provide the entertainment sought.
- D. Approximately 8,500 Indian people are members of the 12 Tribes (Chelan, Chief Joseph Band of Nez Perce, Colville, Entiat, Lakes, Methow, Moses-Columbia, Nespelem, Okanogan, Palouse, San Poil and Wenatchee) which constitute the Confederated Colville Tribes, and over half of its members reside on the Colville Reservation. Non-member Indians also reside on the Colville Reservation, and non-Indians constitute approximately one-third of the resident population.
- E. The Tribes has successfully operated and regulated a bingo enterprise since 1987 and three Tribal casinos. The first tribal casino, Mill Bay Casino, located on Lake Chelan, opened in 1994. Okanogan Bingo Casino, located across the Okanogan River from the City of Okanogan, opened in 1987. Coulee Dam Casino, located on the Colville Reservation in the City of Coulee Dam, opened in 1995. Each of these facilities is an integral and welcome part of the community in which it is located, and each contributes substantially to the local economy.
- F. The Tribes has developed a strong law and justice system. At the Tribes' request, the State retroceded partial criminal jurisdiction to the Tribes in 1987. The Colville Judicial Branch is established as a separate branch of government in the Colville Constitution. The Judicial Branch is composed of a Tribal Court and a Court of Appeals, which publishes its opinions in the Court of Appeals Reporter and the Indian Law Reporter. The Colville Judicial Branch is nationally recognized as a leader among tribal court systems.
- G. The Tribes' Law and Order Program includes a fully operational Police Department, Public Defender Office, Office of the Prosecutor, Probation and Parole and Emergency Service Department, and operates with an annual budget in excess of \$3.6 million. The Tribes will begin construction of a new, multi-million dollar jail facility in the near future. The Tribes' Police Department is staffed with experienced officers trained at the Washington State Police Academy or at Bureau of Indian Affairs Academies. Colville Police Officers hold Tribal and Federal commissions. In addition, the Tribes maintains

cross-deputation agreements with the Okanogan and Ferry County Sheriff Departments and several local police departments.

- H. The Tribes has also successfully self-regulated its gaming facilities since 1986. The Tribes created the Colville Tribal Gaming Commission composed of five Commissioners in 1994. The Commission oversees the Tribal Gaming Authority (“TGA”) which is responsible for regulating gaming on the Reservation, and which enforces the provisions of the Tribal Code pertaining to gaming, and the comprehensive regulations of the Tribal Gaming Commission and the National Indian Gaming Commission. The TGA employs over 45 Tribal gaming agents, utilizes sophisticated surveillance and monitoring equipment and techniques, and performs its own background checks and licensing investigations.
- I. The Tribes is also a national leader in the area of Tribal environmental regulatory development. In addition to a comprehensive land use code and a shoreline management code, the Tribes has developed extensive code provisions related to hydraulic practices, water quality, lead based paint, and the like. The Tribes was the first tribe in the Nation to establish a non-point source program for its Reservation under Section 208 of the Clean Water Act, and was also the first tribe to have its water quality standards promulgated as federal standards by the United States Environmental Protection Agency. The Tribes has obtained “treatment as a state” status under several provisions of the Clean Water Act, and additional programs are currently being developed.
- J. The Tribes’ Environmental Trust Department works closely with federal, state and local agencies to ensure that the environmental and Tribal resources of the Reservation are protected and that there is compliance with applicable environmental standards. The Tribes has entered into a number of successful intergovernmental agreements to help facilitate protection of the citizens and resources of the Colville Reservation.

DECLARATION OF POLICY AND PURPOSE

IGRA provides a comprehensive scheme for the play and regulation of Class III gaming. Indian tribes have rights under IGRA to regulate gaming activities on Indian lands if the gaming activity is not specifically prohibited by federal law and is conducted within a state which does not, as a matter of criminal law and public policy, prohibit such gaming activities. 25 U.S.C. § 2701(5). The overarching policy of the Act is to provide a framework for the operation of gaming by Indian tribes as a means of promoting tribal economic development, self-sufficiency and strong tribal governments. 25 U.S.C. § 2702(1). The Act also provides a “basis for the regulation of gaming by an Indian tribe adequate to shield it from organized crime and other corrupting influences, to ensure that the Indian tribe is the primary beneficiary of the gaming operation, and to assure that gaming is conducted fairly and honestly by both the operator and players.” 25 U.S.C. § 2702(2). The terms and conditions of this Compact, which are set forth below to regulate Class III gaming conducted by the Tribes, have been promulgated consistent with and pursuant to that congressional mandate.

This Compact is designed to foster full cooperation between the Tribes and the State on the basis of each sovereign's concern for the welfare and protection of all the members of the Tribes and citizens of the State as a result of gaming on Indian lands of the Tribes (hereafter "Colville Indian Lands"), as that term is defined in the Act, 25 U.S.C. § 2703(4). This Compact is adopted to further the purposes of IGRA for the benefit of the Tribes, the benefit of the citizens of the State, and the protection of the State, by creating a cooperative means through which the Tribes may lawfully conduct Class III gaming activities on Colville Indian Lands. To that end, this Compact defines the manner in which laws regulating the conduct of the Tribes' Class III gaming activities are to be applied in order that the respective Tribal and State interests may be met.

The following terms and provisions governing the conduct of Class III gaming activities on Colville Indian Lands are designed to (a) protect the health, welfare and safety of the citizens of the Tribes and the State, (b) recognize and implement a means of regulating Class III gaming on the Colville Indian Lands in order to ensure the fair and honest operation of such gaming, (c) minimize the possibility of corruption or illegal practices in conjunction with such activities, and (d) maintain the integrity of Class III gaming on Colville Indian Lands within the State.

The policy of the State, as set forth in RCW 9.46, is to allow limited and highly regulated gaming, and to restrain persons from seeking profit from professional gambling activities. The provisions of RCW 9.46 and WAC 230 regulate State gambling activities; the provisions of RCW 67.16 and WAC 260 authorize and regulate State horse racing activities, including pari-mutuel satellite wagering. The gaming provisions of Title 6 of the Colville Tribal Code authorize and regulate the Tribes' Class III gaming activities. In addition, the National Indian Gaming Commission exercises regulatory authority over the Tribes pursuant to IGRA, and has issued regulations, including Minimum Internal Control Standards found at 25 C.F.R. § 542. The State agrees the Tribes is authorized, as a result of the provisions of IGRA and the terms of this Compact, to engage in the Class III gaming activities expressly permitted herein.

I - TITLE

This document shall be cited as the "Confederated Tribes of the Colville Reservation - State of Washington Gaming Compact" submitted to and approved by the Secretary of the Interior pursuant to 25 U.S.C. § 2710(d)(8)(A).

II - DEFINITIONS

For purposes of this Compact:

- A. "Act" or "IGRA" means the Indian Gaming Regulatory Act, Pub. L. No. 100-497, 25 U.S.C. §§ 2701-2721, and 18 U.S.C. §§ 1166-1168, and all regulations issued thereunder.
- B. "Applicant" means any individual who has applied for a Tribal license whether or not such license is ultimately granted.

- C. "Chairman" means the Chairman of the Confederated Tribes of the Colville Reservation Business Council, the Tribal governing body elected by the Tribal members.
- D. "Class II Gaming" means all forms of gaming as defined in 25 U.S.C. § 2703 (7), by the regulations of the National Indian Gaming Commission, and by any court of competent jurisdiction reviewing the Act and/or any regulations promulgated thereunder.
- E. "Class III Gaming" means all forms of gaming as defined in 25 U.S.C. § 2703 (8) and by the regulations of the National Indian Gaming Commission, and by any court of competent jurisdiction reviewing the Act and/or any regulations promulgated thereunder, and which are authorized under this Compact as Class III games. Pull-tabs and punch-boards, even though discussed herein, are specifically deemed to be Class II games when operated in conjunction with bingo.
- F. "Class II Gambling Device" means any device which the National Indian Gaming Commission has determined by formal ruling or regulation, and by formal ruling of any court of competent jurisdiction reviewing the Act, and/or any regulations promulgated thereunder, is a permissible computer, electronic or other technologic aid to a Class II gaming activity.
- G. "Colville Indian Lands" means Indian lands as defined by 25 U.S.C. § 2703 (4) (A) and (B), subject to the provisions of 25 U.S.C. § 2719.
- H. "Colville Tribal Police Services" means the official law enforcement agency of the Tribes.
- I. "Compact" means this Compact, including Appendices A, Colville, and X.
- J. "Electronic Gambling Device" ("EGD") means any device or mechanism, the operation of which may create a right to money, credits, deposits or other things of value, in return for a consideration, as the result of the operation of an element of chance and any device or mechanism which, when operated for a consideration, does not return the same value or thing of value for the same consideration upon each operation thereof. Notwithstanding the foregoing, "Electronic Gambling Device" does not include a "Class II Gambling Device."
- K. "Gaming Activities" means the conduct of gaming activities permitted pursuant to this Compact.
- L. "Gaming Employee" means any individual employed in the operation or management of gaming in connection with the Tribes' gaming operation or facilities, whether employed by or contracted to the Tribes or by or to any person or enterprise providing gaming operation and management services to the Tribes, including, but not limited to, gaming operation managers and assistant managers; accounting personnel; surveillance and security personnel; cashiers; dealers or croupiers; box men; floor men; pit bosses; shift bosses; cage personnel; collection personnel; gaming consultants; pari-mutuel clerks;

management companies and their principals; and any person whose employment duties require or authorize access to areas of the gaming facilities related to gaming which are not otherwise open to the public, or to areas designated by the Tribal Gaming Commission.

- M. “Gaming Facility” means a building or buildings in which Class III gaming activities are conducted as authorized by this Compact.
- N. “Gaming Operation” or “Tribal Gaming Operation” means the gaming enterprise operated by the Tribes in accordance with this Compact.
- O. “Gaming Ordinance” means the gaming laws (and including regulations promulgated thereunder) duly adopted by the Tribes in accordance with the Act.
- P. “Gaming Services” means the providing of any goods or services to the Tribes, whether on or off site, directly (or indirectly) in connection with the operation of Class III gaming in a gaming facility or facilities, including equipment, maintenance or security services for the gaming facility or facilities. Gaming services shall not include professional legal and accounting services.
- Q. “Gaming Station” means a gaming table, including those with electronic components, of the same general size and as is used in Nevada for similar games.
- R. “Governor” means the Governor of Washington State.
- S. “Individual” means, but is not limited to, natural persons and business entities including business sole-proprietorships, partnerships, corporations, joint ventures, organizations and associations.
- T. “Local Law Enforcement Agency” means the State Gaming Agency, Washington State Patrol, County Sheriffs in the counties adjacent to the Tribes’ gaming facilities, and any other non-tribal law enforcement agency in the vicinity of the Gaming Operation which has jurisdiction to enforce gaming laws on Colville Indian Lands pursuant to the terms of this Compact, or has a cooperative, mutual aid or cross-deputization agreement approved by the Tribes. Nothing in this definition or in any provision set forth in this Compact is intended to expand, waive, confer or limit any jurisdiction upon any law enforcement agency on Colville Indian Lands.
- U. “Management Entity” means any individual with whom, or other business entity with which, the Tribes has entered into a contractual agreement for financing, development or operation of any Class II or Class III gaming facilities on Colville Indian Lands.
- V. “Net Win” means the total amount of gaming income (gross gaming revenue) after prizes or winnings have been paid out; i.e., the difference between the total amount wagered or played and the amounts repaid to winners.

- W. “Off Track Wagering Facility” means any facility where pari-mutuel wagering takes place on simulcast horse racing events, pursuant to rules and regulations agreed to by the parties to this Compact.
- X. “Principal” means with respect to any entity: (1) each of its officers and directors; (2) each of its primary management employees, including any chief executive officer, chief financial officer, chief operating officer, or general manager; (3) each of its owners or partners, if an unincorporated business; (4) each of its shareholders who own more than ten percent of the shares of the corporation, if a corporation; and (5) each person other than a banking institution who has provided financing for the enterprise constituting more than ten percent of the start-up capital or operating capital over a twelve (12) month period, or a combination thereof. For purposes of this definition, where there is any commonality of the characteristics identified in (1) through (4) above between any two or more entities, those entities shall be deemed to be a single entity.
- Y. “RCW” means the Revised Code of Washington, as amended.
- Z. “Satellite Casino” means a Class III gaming facility with no more than sixteen (16) Gaming Stations and no more than one hundred (100) EGDs.
- AA. “State” means the State of Washington, its authorized officials, agents and representatives.
- BB. “State Certification” means the process used by the State Gaming Agency to determine whether all individuals or other entities or persons required to be licensed or certified are qualified to hold such license or certification in accordance with this Compact.
- CC. “State Gaming Agency” means the Washington State Gambling Commission.
- DD. “Tribal Code” means the Colville Law and Order Code, as amended.
- EE. “Tribal Gaming Commission” means the Colville Tribal Gaming Commission or such other agency of the Tribes as the Tribes may from time to time designate by written notice to the State as the single Tribal agency primarily responsible for regulatory oversight of Class III gaming as authorized by this Compact. No employee of the Gaming Operation may be a member or employee of the Tribal Gaming Commission.
- FF. “Tribal Licensing” means the licensing process utilized by the Tribes to ensure all individuals and other entities required to be licensed are qualified to hold such license in accordance with provisions of Chapter 6-5 of the Tribal Code, and the Rules and Regulations of the Tribal Gaming Commission, and this Compact.
- GG. “Tribal Member” means an enrolled member of the Confederated Tribes of the Colville Reservation pursuant to the membership ordinance of the Tribes and the Constitution of the Confederated Tribes of the Colville Reservation.

- HH. "Tribes" means the Confederated Tribes of the Colville Indian Reservation, represented by its elected officials.
- II. "WAC" means the Washington Administrative Code, as amended.

III - NATURE, SIZE AND SCOPE OF CLASS III GAMING

- A. Scope of Class III Gaming Activities. The Tribal Gaming Operation may utilize in its Gaming Facilities, subject to the provisions of this Compact, any or all of the following Class III activities:
1. Baccarat;
 2. Beat My Shake;
 3. Beat the Dealer;
 4. Blackjack (to the extent not played as a Class II game);
 5. Caribbean Stud;
 6. Chemin De Fer;
 7. Chuck-a-luck;
 8. Craps;
 9. 4-5-6;
 10. Horses (stop dice);
 11. Horse Race;
 12. Let It Ride;
 13. Money wheel;
 14. Off-track wagering on horse races, provided, however, prior to engaging in such activity, the Tribes shall give the State sixty (60) days prior written notice that it desires to commence such activity, and thereafter, the parties agree that they shall forthwith negotiate in good faith regarding the rules and regulations governing such off-track wagering;
 15. Over/Under Seven;
 16. Pai-gow (to the extent not played as a Class II game);
 17. Poker (to the extent not played as a Class II game);
 18. Red Dog;
 19. Roulette;
 20. Ship-Captain-Crew;
 21. Sic-Bo;
 22. Sports Pools may be offered by the Tribes, on regularly scheduled athletic contests, of one hundred (100) squares wherein each square is sold for not more than ten dollars (\$10) (wager) plus an administrative charge payable to the Tribes of not more than fifty cents (\$0.50) per ten dollar (\$10) wager. All wagers shall be awarded to winners as prizes. All other provisions of state law established in RCW 9.46.0335 regarding the conduct of sports pools shall be applicable;
 23. Sweet Sixteen;
 24. Punch-boards and pull-tabs (to the extent not played as Class II games), may be sold by the Tribes in its Gaming Facilities and at other locations on Colville Indian Lands subject to regulation by the Tribes and other than at a locations

where bingo is played. Such punch-boards and pull-tabs shall be sold in a manner consistent with the sale of punch-boards and pull-tabs at any location on Colville Indian Lands where bingo is played;

25. Washington State Lottery tickets may be sold by the Tribes on Colville Indian Lands subject to the provisions of RCW 67.70, WAC 315, and applicable Tribal law.
26. Keno;
27. Any pull-tab dispenser (to the extent not played as a Class II game), approved by the Washington State Gambling Commission;
28. Any electronic gambling device ("EGD") as defined herein and under the Johnson Act, as set forth in Appendices Colville and X, to this Compact.
29. Upon sixty (60) days prior written notice from the Tribes, the State agrees to enter into good faith negotiations with the Tribes for the inclusion of horse racing events and pari-mutuel wagering associated therewith as a Class III gaming activity which may be utilized by the Tribes in its Tribal Gaming Operation.

B. Lottery-type Games. For games including keno-type games (other than keno itself), instant tickets, on-line games, or other lottery-type games authorized for play for any purpose by any person, organization, or entity in the State of Washington and which are not otherwise treated as Class II gaming in Washington pursuant to 25 U.S.C. § 2703(7), or have been or are later identified as a Class II game pursuant to federal law, federal regulation, through consensual lawsuit, or by a court of competent jurisdiction interpreting IGRA and the laws of the State of Washington in a final and non-appealable decision, and the Tribes desires to conduct such games on Colville Indian Lands, the Tribes shall submit the proposed rules, manner of regulation and manner of play to the State Gaming Agency at least sixty (60) calendar days prior to the time play shall begin. If the game is permitted for any purpose by any person, organization or entity within the meaning of the Act, the Tribes may begin offering the game. If a dispute arises between the Tribes and the State with respect to whether said game is permitted for any purpose by any person, organization or entity, within the meaning of the Act, the Tribes and the State Gaming Agency shall meet and resolve the dispute. If the dispute cannot be resolved by the parties, then the Tribes may initiate the dispute resolution provisions of § XII, and play the game pending the outcome of said dispute resolution proceeding.

C. Class III Activities. With respect to any other Class III gaming activities similar to, but not included within, those set forth above that would also be authorized for play for any purpose by any person, organization, or entity in the State and which are otherwise not treated as Class II gaming in Washington pursuant to 25 U.S.C. § 2703(7), the Tribes shall provide the game regulations thereof to the State Gaming Agency at least thirty (30) calendar days prior to the time play shall begin. If the game is permitted for any purpose by any person, organization or entity within the meaning of the Act, the Tribes may begin offering the game. If a dispute arises between the Tribes and the State with respect to whether said game is permitted for any purpose by any person, organization or entity, within the meaning of the Act, the Tribes and the State Gaming Agency shall meet and resolve the dispute. If the dispute cannot be resolved by the parties, then the Tribes may initiate the dispute resolution provisions of § XII, and play the game pending the outcome

of said dispute resolution proceeding. Provided, however, the provisions of this § III(C) shall not apply to EGDs.

- D. Authorized Gaming Operation and Facilities. The Tribes may establish three Class III gaming facilities for the operation of any Class III games authorized pursuant to this Compact; provided, however, such Gaming Facilities shall: (i) not be located within 25 miles, by paved roads, of any other Colville Class III gaming facility; (ii) be located only on Colville Indian Lands; and (iii) be owned by the Tribes; provided further, however, that no earlier than three years after this Compact becomes effective, the Tribes may establish three Satellite Casinos on Colville Indian Lands, subject to the same restrictions set forth in this § III(D)(i) through (iii). The Tribes shall provide the State with no less than sixty (60) days prior written notice of its intention to open a new casino or Satellite Casino site. No new casino or Satellite Casino site(s) shall be opened by the Tribes unless the Tribes is in substantial compliance with the terms and conditions of this Compact.
- E. Forms of Payment. All payment for wagers made in authorized forms of Class III gaming conducted by the Tribes on Colville Indian Lands, including the purchase of chips or tokens, for use in wagering, shall be made by cash, cash equivalent, credit card or personal check. Except for said use of credit cards, no credit shall be extended to any patron of the Gaming Facilities for gaming activities.
- F. Size of Gaming Floor. The actual gaming floor devoted to Class III activities within the Gaming Facilities shall be determined by the Tribes.
- G. Number of Gaming Stations and EGDs.
1. The maximum number of Class III gaming stations shall not exceed fifty (50) per facility.
 2. Number of EGDs. From and after the effective date of this Compact, the Tribes shall be entitled to an allocation and shall be permitted to operate up to and including 675 EGDs, which shall be distributed between and among the Tribal Gaming Facilities in a manner and in numbers acceptable to the Tribes, so long as the total number of EGDs in operation does not exceed said 675.
 3. Additional Allocation of Machines. Provided the Tribes is in substantial compliance with the terms and conditions of this Compact, the Tribes shall be permitted to operate up to a total of 4,800 EGDs by acquiring allocation rights from any Washington State Indian tribe which has entered into a compact with the State authorizing the operation of EGDs and/or a Tribal Lottery System described in Appendices Colville and X. Said 4,800 EGDs shall be distributed among the Tribal Gaming Facilities as follows: no more than 2,000 EGDs in any one Gaming Facility, and no more than 100 EGDs in any Tribal Satellite Casino.

4. Acquisition and Transfer of Allocation Rights.

- (a) The Tribes may transfer some or all of its allocated EGDs, as set forth in § III(G)(2) above, to any other Washington State Indian tribe which has entered into a compact with the State authorizing the operation of EGDs and/or a Tribal Lottery System described in Appendices Colville and X, provided the Tribes has waived its right to operate the number of EGDs and/or Tribal Lottery System player terminals transferred. Any EGDs and/or player terminals transferred may be reacquired by the Tribes, if mutually acceptable to the Tribes and the transferee tribe or tribes. All transfers of allocation rights shall be memorialized pursuant to a terminal allocation transfer agreement.
- (b) The Tribes may acquire additional allocations of EGDs from any Washington State Indian tribe which has entered into a compact with the State authorizing the operation of EGDs and/or a Tribal Lottery System described in Appendices Colville and X, provided the transferor tribe(s) has waived its right to operate the number of EGDs and/or player terminals transferred. All transfers of allocation rights shall be memorialized pursuant to a terminal allocation transfer agreement. The Tribes may not operate any EGDs and/or Tribal Lottery System player terminals acquired from another tribe's allocation until thirty (30) days has elapsed following the delivery to the State of a complete set of the documents governing the transfer.
- (c) At the time Appendix X was adopted, a certain "set-up fee" was incurred by the State in connection with the creation of a system designed to regulate the use of EGDs. That set-up fee was to be borne by all Washington State Indian tribes utilizing EGDs. The Tribes agree, upon the effective date of this Compact, to reimburse the State for the Tribes' pro rata share of said set-up fee, which is estimated not to exceed \$11,000.

5. Other Circumstances.

- (a) Notwithstanding anything in this § III(G) to the contrary, in the event the State agrees, whether voluntarily or by judicial compulsion, to permit an allocation of EGDs to a tribe which is greater than the allocations specified herein, or is on terms which are more favorable to the Tribes than those set forth herein, the Tribes shall be entitled forthwith to such greater allocation and/or more favorable terms.

- (b) In the event the Tribes is unable to obtain allocations of EGDs from Washington State Indian tribes which have entered into compacts with the State authorizing the operation of EGDs and/or a Tribal Lottery System described in Appendices Colville and X, for any reason, included but not limited to because said allocation rights are economically or de facto unavailable, the parties agree that they shall forthwith negotiate in good faith to increase the number of EGDs the Tribes may operate pursuant to § III(G)(2), above.
- H. Wagering Limitations. Wager limits shall be determined by the Tribes, provided that no single wager may exceed Five Hundred Dollars (\$500).
- I. Hours of Operation. Each Tribal Gaming Facility shall accept wagers from gaming patrons during no more than one-hundred fifty-six (156) hours per each week; provided, however, that during any three weeks of the Tribes' choosing during each calendar year (with the first partial year of this Compact being counted as a calendar year) the Tribes may choose to accept wagers from gaming patrons during no more than one-hundred sixty (160) hours per week.
- J. Ownership of Gaming Facilities and Gaming Operation. The Gaming Operation, including the Gaming Facilities, shall be owned and operated by the Tribes. The Tribes may, if it chooses, contract for management of the Gaming Facilities and Gaming Operation, pursuant to 25 U.S.C. § 2711. Any such contract shall subject the manager to the terms of this Compact, including annual licensing.
- K. Prohibited Activities. Any Class III gaming activity not specifically authorized in this Compact is prohibited.
- L. Age Limitations. No person under the age of eighteen (18) shall participate in any Class III gaming activity, or be allowed on the Class III gaming floor authorized by this Compact during actual hours of operation. Persons between the ages of eighteen (18) and twenty-one (21) may patronize and participate in Class III gaming activities offered by the Tribes in its Gaming Facilities, so long as such patrons do not purchase or consume alcoholic beverages on the premises.
- M. Prohibition on Firearms. The possession of firearms by any person within the Gaming Facilities shall be strictly prohibited, and the Tribal Gaming Commission shall post a notice of this prohibition near the entrance to each gaming facility. This prohibition shall not apply to authorized agents or officers of the Tribal Gaming Commission, Colville Tribal Police Services, the State Gaming Agency, or state and local law enforcement agencies authorized by law or by a cooperative, mutual aid or cross-deputization agreement to be present within a Gaming Facility.

IV - LICENSING REQUIREMENTS

- A. Gaming Facilities. In conformity with the requirements of this Compact, the Tribal Gaming Commission shall license the Gaming Facilities authorized herein to verify each facility's conformity with the requirements of this Compact.
1. Inspection Prior to Effective Date. Verification that such requirements have been met at the three existing Colville Gaming Facilities shall be made by the State Gaming Agency and the Tribal Gaming Commission, through a joint inspection scheduled at least thirty (30) days before this Compact becomes effective. If either the Tribal Gaming Commission or the State Gaming Agency determines that any Gaming Facility fails to meet such requirements, the Tribal Gaming Commission and the State Gaming Agency shall meet to determine what corrective action(s) must be taken to bring the Gaming Facility or Gaming Facilities into conformity with the requirements of this Compact. This Compact shall not become effective unless and until the Tribal Gaming Commission and the State Gaming Agency agree that the facilities are suitable for licensing under this Compact.
 2. Inspection after Effective Date. From and after the effective date of this Compact, for any new facility authorized by this Compact, verification that such requirements have been met shall be made by the State Gaming Agency and the Tribal Gaming Commission and, with respect to an Off Track Wagering Facility only, the Washington Horse Racing Commission, through a joint inspection scheduled at least thirty (30) days before the new facility opens for business. If either the Tribal Gaming Commission or the State Gaming Agency determines that the Gaming Facility fails to meet such requirements, the Tribal Gaming Commission and the State Gaming Agency shall meet to determine what corrective action(s) must be taken to bring the facilities into conformity with the requirements of this Compact. The Tribal Gaming Commission shall send a written and detailed non-compliance letter and report to the Gaming Facility manager, within seven (7) business days after completion of the inspection. If the State Gaming Agency and the Tribal Gaming Commission do not agree on whether the Gaming Facility meets the requirements, the agencies will meet within seven (7) working days of the date the dispute is determined by either agency to exist and work together to resolve concerns. If a dispute regarding this inspection cannot be resolved by the gaming agencies within sixty (60) days, the parties may seek resolution pursuant to § XII of this Compact prior to opening of the new Facility.
- B. Gaming Employees. Every Gaming Employee shall be licensed by the Tribal Gaming Commission before commencement of employment, and annually thereafter. The Tribal Gaming Commission may immediately issue a license if the employee has a current State Class III gaming certification issued by the State Gaming Agency, the State Gaming Agency certifies that the prospective employee is in good standing, and the employee consents to disclosure of records to the Tribal Gaming Commission of all information

held by the State Gaming Agency. The Tribal Gaming Commission may immediately issue a conditional, temporary license for a period of time no longer than six (6) months when the Tribal Gaming Commission determines that a Gaming Employee applicant does not pose a significant risk to the public and the Gaming Operation and written notice of an intent to issue a conditional, temporary license is sent to the State Gaming Agency. If Class II and Class III table games are combined in the same room in the Gaming Facility or Facilities, the parties agree that this could impact the regulatory scheme established under this Compact. In such event, the Class II table Gaming Employees in such room shall be licensed as if they were Class III Gaming Employees. This provision shall not be applicable to employees only engaged in activities related to bingo, pull-tabs, or punch-boards.

- C. Manufacturers and Suppliers of Gaming Services. Each manufacturer of gaming goods and supplier of gaming services shall be licensed by the Tribal Gaming Commission and certified or licensed by the State Gaming Agency prior to the sale of any gaming goods or services to the Gaming Operation. If a supplier or manufacturer of the gaming services or goods is currently certified by the State of Washington to supply goods or services to any other tribe in the state, it shall be deemed certified to supply the same goods or services to the Tribes for the purposes of this Compact. The certification shall be maintained annually after the initial certification. Professional, legal and accounting services shall not be subject to the certification requirements of this Compact. In the event a manufacturer or supplier provides or intends to provide less than \$25,000 worth of gaming services or goods to the Gaming Operation annually, upon the mutual agreement of the Tribal Gaming Commission and State Gaming Agency, the State certification requirements may be waived.
- D. Financiers. Any party who extends or intends to extend financing, directly or indirectly, to the Gaming Facilities or Gaming Operation shall be subject to Tribal licensing and the certification requirements of the State Gaming Agency. Such party shall be required to obtain a Tribal license and State certification before completing the financing agreement, and annually thereafter as long as the financing agreement is in effect. These Tribal licensing and State certification requirements do not apply to financing provided by a federally regulated commercial lending institution, the Tribes' government, or the federal government. The party shall fully disclose the source of all funds required to be disclosed under and in accordance with IGRA, and the State Gaming Agency shall provide a copy of such disclosures to the Tribal Gaming Commission.
- E. Gaming Employee List. The Tribal Gaming Commission shall provide the State Gaming Agency with a list of the names of all Gaming Employees in the Gaming Operation as soon as practicable after this Compact becomes effective, and annually thereafter.

V - LICENSING PROCEDURES

- A. Procedures for Tribal License and State Certification Applications. The Tribal Gaming Commission shall be primarily responsible for the conduct of background investigations for all applicants for employee gaming licenses. The State Gaming Agency shall be

primarily responsible for the conduct of background investigations for all applicants for gaming financier, manufacturer and/or supplier certification. Each applicant for a Tribal gaming license including employee, financier, manufacturer and/or supplier of gaming goods or services, shall submit the completed application along with the required information and fees to the Tribal Gaming Commission. In addition, each financier, manufacturer and/or supplier of gaming goods or services shall apply for State gaming certification and shall submit the completed application along with the required information and fees to the State Gaming Agency. Each completed application shall include the applicant's fingerprint card(s), current photograph, and any other information required by the Tribal Gaming Commission. For applicants who are business entities, these provisions shall also apply to principals of the entity and their spouses.

- B. Background Investigations of Gaming Employee Applicants. Upon receipt of a completed application, attachments, and the required fee, the Tribal Gaming Commission, in cooperation with the State Gaming Agency, shall conduct the necessary background investigation to ensure the Gaming Employee applicant is qualified for Tribal licensing. The Tribal Gaming Commission shall conduct all background investigations of applicants for employment in the Gaming Operation. Each Tribal Gaming Commission investigation of a Gaming Employee shall include a complete credit history, a Washington Judicial Information System history, a National Criminal Information Center history, a Federal Bureau of Investigation fingerprint check results report, a reference check and an employment history. When the Tribal Gaming Commission has completed its initial investigation of the applicant, and has issued a temporary license, it will forward the application, a set of fingerprint cards, a current photograph and the fee required to the State Gaming Agency for a final criminal history record and non-conviction data review, as authorized under RCW 9.46.210(4) and as defined in RCW 10.97.030. The State Gaming Agency shall complete the review and thereafter notify the Tribal Gaming Commission that either: (1) the criminal history and non-conviction data review has revealed no information which would make the applicant ineligible for employment pursuant to § V(D)(7) of this Compact; or (2) the criminal history and non-conviction data review has revealed that the applicant is ineligible for employment pursuant to § V(D) of this Compact. An applicant who has been determined ineligible for licensing by the State Gaming Agency after criminal history and non-conviction data review will not be licensed by the Tribal Gaming Commission except in conformity with § V(D) of this Compact. When the Tribal Gaming Commission has completed its investigation, it will forward its investigative report and the FBI fingerprint check results to the State Gaming Agency. Upon completion of the necessary background investigation, and receipt of the State Gaming Agency notification of eligibility, the Tribal Gaming Commission shall either issue an employee gaming license to the applicant, or deny the application based on criteria set forth in this Compact, Tribal law and regulations. All background materials compiled by the State Gaming Agency in connection with the background investigation of any applicant for tribal licensing or state certification shall be available to the Tribal Gaming Commission at the State Gaming Agency office upon request, subject to any constraints imposed by the State Gaming Agency's accreditation as a law enforcement agency and status as a member of Law Enforcement Intelligence Unit.

- C. State Gaming Agency Certification of Financiers, Manufacturers and/or Suppliers of Gaming Goods and Services. Upon completion of the necessary background investigation, the State Gaming Agency shall either issue a gaming certificate to the financier, manufacturer, and/or supplier of gaming services or deny the application based on criteria set forth in this Compact or State law and regulations. The Tribal Gaming Commission shall forthwith provide copies of all gaming licenses issued and gaming license applications denied to the State Gaming Agency. The State Gaming Agency shall similarly forthwith provide copies of all gaming certificates issued and gaming certification applications denied to the Tribal Gaming Commission. If the application for certification is denied, a statement setting forth the grounds for denial shall be forwarded to the applicant in accordance with the provisions of Chapter 230-50 WAC, with a copy forwarded to the Tribal Gaming Commission. The State shall not apply to any applicant for certification required under this Compact a more rigorous standard than that actually applied in the approval of State licenses or certification in non-Tribal gaming activities regulated by the State.
- D. Grounds for Revocation, Suspension or Denial of Tribal License or State Certification. The Tribal Gaming Commission may revoke, suspend or deny a Tribal license under the provisions of the Colville Tribal Code, Chapter 6-5 and the Colville Gaming Commission Rules and Regulations promulgated thereunder for any reason or reasons it deems to be in the public interest. The State Gaming Agency may revoke, suspend, or deny State certification under the provisions of RCW 9.46.075, and rules promulgated thereunder, for any reason or reasons it deems to be in the public interest. In addition, these reasons may include, but shall not be limited to, circumstances where an applicant or a holder of a Tribal license or State certificate, or a principal of an entity:
1. is determined to be a person who, because of prior activities, criminal record, if any, or reputation, habits and associations, poses a threat to the effective regulation of gaming or creates or enhances the chances of unfair or illegal practices, methods and activities being used in the conduct of the gaming activities permitted pursuant to this Compact; or
 2. has had a felony conviction within the last ten (10) years, a misdemeanor conviction for a gambling related offense, fraud, misrepresentation, and/or theft, or similar types of misdemeanor offenses within the last ten years, is the subject of pending criminal charges or is currently under probation, work release, and/or community supervision in connection with any felony or the type of misdemeanor described herein; or
 3. has violated, or failed or refused to comply with the provisions, requirements, conditions, limitations or duties imposed by any provision of any tribal-state compact; or
 4. has failed to provide any information reasonably required to investigate an application for a Tribal license or State certification or to reveal any fact which the applicant or holder knows or should reasonably know is material to such

application, or the applicant or holder has furnished any information which is untrue or misleading in connection with any such application in any jurisdiction; or

5. has had a Tribal license or State gaming certificate revoked or denied during the twelve (12) months prior to the date the Tribal Gaming Commission or the State Gaming Agency, respectively, received the application; is currently on probation imposed by any jurisdiction; or has demonstrated a willful disregard of, or has failed to comply with, the requirements of any gaming regulatory authority in any jurisdiction, including offenses that could subject the individual or entity to suspension, revocation or forfeiture of any gaming license. For the purpose of reviewing any application for a Tribal gaming license or State certification, or for considering the denial, suspension or revocation of any Tribal gaming license or State certification, the Tribal Gaming Commission and the State Gaming Agency, respectively, may consider any prior criminal conduct or the current probationary status of the applicant and neither the provisions of RCW 9.95.240 and RCW 9.96A, nor any provision of the laws of the Tribes which otherwise prohibits disclosure, or consideration, of any person's criminal record or probationary record, shall apply to such cases.
6. Notwithstanding anything herein to the contrary, in the absence of other violations, it shall not automatically be grounds for revocation, suspension or denial for an Indian person from a federally recognized Indian Tribe to have been charged or convicted under state law of the following non-gambling related offenses if the charge or conviction occurred prior to United States Supreme Court rulings upholding state jurisdiction over Indians for such offenses as, but not limited to: (1) fishing or hunting offenses; (2) cigarette, fireworks, or alcohol sales offenses; or (3) cases involving the exercise of trust or treaty rights. In the absence of other violations, activities or factors which would warrant denial, revocation or suspension, these Indian persons shall not be barred from certification solely because of such activities.
7. For enrolled members of the Tribes who are applicants for Class III Gaming Employee licensing, the State Gaming Agency and Tribal Gaming Commission may waive, by mutual agreement, through a provisional or conditional tribal license, certain criteria for such enrolled tribal members if the waiver does not pose an appreciable risk to the public or the lawful operation of the Gaming Facility. If the Tribes can show circumstances why an enrolled Tribal member who does not meet all tribal licensing criteria should be further considered for a provisional or conditional tribal license, the Tribal Gaming Commission and the State Gaming Agency may agree to a conditional or provisional Tribal license based on specific conditions and a further detailed review of the applicant. The Tribal Gaming Commission shall reimburse the State Gaming Agency for all reasonable costs associated with the issuance of a conditional or provisional Tribal license.

- E. Denial, Suspension, or Revocation of Licenses Issued by Tribal Gaming Commission or Certification Issued by the State Gaming Agency. The denial, suspension, or revocation of any Tribal gaming license by the Tribal Gaming Commission shall be in accordance with the Tribal Code and regulations, including Chapter 6-5 of the Colville Tribal Code and the Colville Confederated Tribes Gaming Commission Rules and Regulations. The denial, suspension, or revocation of any State certification by the State Gaming Agency shall be in accordance with RCW 9.46, RCW 34.05 and WAC 230-50. The grounds for such actions shall not be less stringent than those set out in this Section. The Tribal Gaming Commission and the State Gaming Agency shall each notify the other of any determinations under this paragraph.
- F. Right to Hearing for Revocation, Suspension, or Denial of State Certification. Any applicant for State certification, or holder of a State certification shall be entitled to notice and a full hearing on any action by the State Gaming Agency which may result in the revocation, suspension, or denial of State certification. The notice and hearing will be conducted in accordance with the procedures contained in the applicable provisions of RCW 9.46, RCW 34.05 and WAC 230-50. The State, with the concurrence of the Tribal Gaming Commission, may defer such actions to the Tribal Gaming Commission. Nothing herein shall prevent the Tribal Gaming Commission from invoking its own disciplinary procedures and proceedings at any time.
- G. Duration and Renewal of Tribal Issued Licenses and State Gaming Agency Certifications.
1. State Certification. Any State certification shall be effective for one (1) year from the date of issuance of the certificate, unless otherwise revoked or suspended. A State-certified entity that has applied for renewal may continue to provide gaming goods and services, including financial services, under the expired State certificate until the State Gaming Agency takes action on the renewal application, or the State certification is suspended or revoked. Applicants seeking renewal State certification shall provide information updating originally-submitted information as requested, on the appropriate renewal forms, but shall not be required to resubmit historical data already submitted to the State Gaming Agency. An additional background investigation shall be required if new information concerning the applicant's continuing suitability or eligibility for a State certification is discovered by the Tribal Gaming Commission or State Gaming Agency. Should any renewal application be denied, the State Gaming Agency shall send to the Tribal Gaming Commission a copy of any statement sent to an applicant setting forth the grounds for the non-renewal of the State certification.
 2. Tribal Licensing. Any Tribal license shall be effective for one (1) year from the date of issuance of the license, unless otherwise revoked or suspended. A Gaming Employee who has applied for renewal may continue to work under the expired Tribal license until the Tribal Gaming Commission takes action on the renewal application, or the Tribal license is suspended or revoked. Applicants seeking renewal of a Tribal license shall provide information updating originally-submitted information as requested, on the appropriate renewal forms, but shall

not be required to resubmit historical data already submitted to the State Gaming Agency. An additional background investigation shall be required if new information concerning the applicant's continuing suitability or eligibility for a Tribal license is discovered by the Tribal Gaming Commission or State Gaming Agency. Should any renewal application be denied, the Tribal Gaming Commission shall send to the State Gaming Agency a copy of any statement sent to an applicant setting forth the grounds for the non-renewal of the Tribal license.

3. Annual State Criminal History And Non-Conviction Data Review. In addition to the updated criminal history check performed by the Tribal Gaming Commission at the time any Gaming Employee's license is subject to renewal, the State Gaming Agency shall perform an annual criminal history and non-conviction data review of all Gaming Employees, and shall report on the eligibility results of such review to the Tribal Gaming Commission in the same manner as set out in § V(B) above. The Tribal Gaming Commission shall reimburse the State Gaming Agency for its reasonable costs incurred in performing the annual criminal history and non-conviction data review.
- H. Identification Cards. The Tribal Gaming Commission shall require all gaming employees to wear, in plain view, an identification card issued by the Tribal Gaming Commission which includes a photo, first name and an identification number unique to the individual Tribal license. The identification card shall also include the Colville Tribal Seal and a date of expiration.
- I. Exchange of Tribal Licensing and State Certification Information. In an effort to ensure a qualified work force in all areas of Class III gaming conducted within the Tribal Gaming Operation, and in all types of gambling authorized under the laws of the State, the Tribal Gaming Commission and the State Gaming Agency, upon completion of any administrative action or legal proceeding against a Tribal licensee or holder of a State certificate, shall each forward to the other the final disposition to the Tribal Gaming Commission or the State Gaming Agency, as the case may be. If, at any time, the Tribal Gaming Commission or the State Gaming Agency independently comes into possession of information which could affect any Tribal license or State certification issued pursuant to this Compact, the Tribal Gaming Commission and the State Gaming Agency shall each promptly forward to the other such information. All such dispositions and information shall be maintained as part of both agencies' permanent licensing and certification records.
- J. Fees For Tribal License and State Certification. The Tribal Gaming Commission shall establish fees for Tribal gaming licenses. The State Gaming Agency shall determine the fee for performing each criminal history record and non-conviction data review check in conjunction with the Tribal licensing process, and such fee shall not exceed \$150 per check for first-time applicants and \$75 per check for applicants seeking to renew their licenses. Fees for State certification shall be determined pursuant to WAC 230-04-204 for gaming employees, WAC 230-04-119 for service suppliers, and WAC 230-04-203 for manufacturers and distributors. Provided, should actual costs incurred by the State

Gaming Agency exceed the stated fees, those costs will be assessed to the applicants during the investigation process. Payment in full to the State Gaming Agency will be required prior to beginning the investigation for the issuance of a State certification. Notwithstanding any other provision of this Compact, the State Gaming Agency may modify any of the above fees consistent with like fees charged by the State Gaming Agency for non-compact gaming elsewhere in the State. Should a dispute arise under this Section it shall be resolved pursuant to § XII of this Compact.

- K. Summary Suspension of Tribal License or State Certification. The Tribal Gaming Commission, pursuant to the laws of the Tribes, and the State Gaming Agency, pursuant to the laws of the State, may each summarily suspend any Tribal license or State certificate, respectively, if the continued licensing or certification of a person or entity constitutes an immediate and potentially serious threat to the public health, safety or welfare. The Tribal Gaming Commission and the State Gaming Agency shall each forthwith notify the other in writing of any summary suspension of a Tribal license or State certificate.
- L. Submission to State Administrative Process. Applicants for State certification agree by submitting such application to submit to State jurisdiction to the extent necessary to determine qualification to hold such certification, including all necessary administrative procedures, hearings and appeals pursuant to RCW 9.46, WAC 230-50 and the State Administrative Procedures Act, RCW 34.05. Tribal members who apply specifically grant a waiver of immunity, defense, or other objection they might otherwise have to the exercise of State jurisdiction for these purposes, but only for the purposes discussed in this paragraph. Nothing in this Section shall be deemed or interpreted as a waiver of immunity or submission to State jurisdiction for any other purposes or cause of action.
- M. State Participation in Annual Review. Once each year, the Tribal Gaming Commission or the State Gaming Agency may request of the other a review of the Tribal Gaming Commission licensing and State certification processes, including, but not limited to, all forms, procedures, criteria, and functions performed by the Tribal Gaming Commission and the state Gaming Agency, respectively. The State Gaming Agency may also elect to participate in the choice of the use of any investigative firm the Tribal Gaming Commission chooses to utilize as part of the Tribal licensing process. The Tribal Gaming Commission and the State Gaming Agency may each provide comments to the other on the Tribal licensing and State certification processes, and such comments shall be submitted within sixty (60) calendar days of the Tribal Gaming Commission's or State Gaming Agency's request for a review. In the event the State or the Tribes disagree regarding the other's licensing processes, including, but not limited to, all forms, procedures, criteria, and functions performed by the Tribal Gaming Commission or the State Gaming Agency, the subject of that disagreement may be submitted to dispute resolution, pursuant to § XII of this Compact.
- N. Tribal Certification. The Tribal Gaming Commission may, in its sole discretion, rely upon the certification of the State as the Tribes' qualification process for a Tribal gaming license.

VI - TRIBAL ENFORCEMENT OF THIS COMPACT

- A. Tribal Gaming Commission. The primary responsibility for the on-site regulation, control and security of the Gaming Operation authorized by this Compact, and for the enforcement of this Compact on Colville Indian Lands, shall be that of the Tribal Gaming Commission and the Colville Tribal Police Services. These responsibilities shall include:
1. Enforce all applicable laws and ordinances;
 2. Ensure the physical safety of patrons in the Gaming Facilities;
 3. Ensure the physical safety of personnel employed by the Gaming Operation;
 4. Ensure the physical safeguarding of assets transported to and from the Gaming Facilities and cashiers' cage departments;
 5. Protect the patrons and the Gaming Operation's property from illegal activity;
 6. To the extent of its jurisdiction, arrest and prosecute or temporarily detain until notification and turnover to the appropriate law enforcement authorities, persons who may be involved in illegal activities; and
 7. Record in a permanent and detailed manner any and all occurrences that happen within the Gaming Facilities and that require evaluation, investigation, or other decision making under the terms of this Compact. Each incident, without regard to materiality, shall be assigned a sequential number and, at a minimum, the following information shall be recorded in indelible ink in a bound notebook from which pages cannot be removed and each side of each page of which is sequentially numbered:
 - (a) the assigned number;
 - (b) the date;
 - (c) the time;
 - (d) the nature of the incident;
 - (e) the name, address and telephone number of all persons involved in the incident; and
 - (f) the name and identification number of the security department or Tribal Gaming Commission employee assigned responsibility for recording the occurrence.
- B. Tribal Gaming Agents. The Tribal Gaming Commission shall employ qualified agents who shall be subject to no less stringent background investigations than those performed by the Tribal Gaming Commission for Tribal license applicants under the provisions of this Compact. Tribal Gaming Agents shall be independent of the Tribal Gaming Operation, and shall be supervised and accountable only to the Tribal Gaming Commission.

- C. Reporting of Violations. A Tribal Gaming Agent shall be present in the Gaming Facilities during all hours of the Gaming Operation authorized under this Compact, and shall have immediate access to any and all areas of the Gaming Facilities for the purpose of ensuring compliance with the provisions of this Compact and any applicable Tribal ordinances. Any violation(s) of the provisions of this Compact or of applicable Tribal ordinances by the Tribal Gaming Operation, a gaming employee, or any person on the premises, whether or not associated with the Tribal Gaming Operation, shall be reported immediately to the Tribal Gaming Commission and notice of same shall be forwarded to the State Gaming Agency within seventy-two (72) hours of the time the violation(s) was noted.
- D. Investigation and Sanctions. The Tribal Gaming Commission shall investigate any reported, observed or suspected violation of the provisions of this Compact or applicable statutes and regulations, and shall require the Tribal Gaming Operation to correct the violation upon such terms and conditions as the Tribal Gaming Commission determines are necessary. The Tribal Gaming Commission is, and shall be, empowered by Tribal ordinance to impose fines and other sanctions within the jurisdiction of the Tribes against the Tribal Gaming Operation, a gaming employee, or any other person directly or indirectly involved in, or benefiting from, the violation.
- E. Reporting to State Gaming Agency. The Tribal Gaming Commission shall forward copies of all completed incident and investigation reports and final dispositions to the State Gaming Agency on a continuing and timely basis. If requested by the Tribal Gaming Commission, the State Gaming Agency shall assist in any investigation initiated by the Tribal Gaming Commission and provide other related investigation services, for which the Tribes agrees to reimburse the State Gaming Agency.
- F. Agency Meetings. In order to develop and foster a coordinated relationship in the enforcement of the provisions of this Compact, representatives of the Tribal Gaming Commission and the State Gaming Agency shall meet semi-annually during the first year of operation after this Compact becomes effective to review existing practices and examine methods to improve the regulatory program set forth in this Compact. After the first year, the parties shall meet at least annually to discuss these matters. The meetings shall take place at a location within the State of Washington convenient to the Tribal Gaming Commission and the State Gaming Agency. At least ten (10) business days prior to such meetings, the State Gaming Agency shall disclose, in writing, to the Tribal Gaming Commission any concerns, suspected activities or pending matters which might reasonably be believed to constitute violations of this Compact by any person, organization or entity, if such disclosure will not compromise the interest sought to be protected. At such time as the Tribes begins operating satellite wagering facilities or horse racing activities, the Washington Horse Racing Commission shall participate in the Agency meeting.

VII - COOPERATIVE ENFORCEMENT OF THIS COMPACT

- A. Monitoring of Gaming Operation. The State Gaming Agency and, with respect to satellite wagering facilities and activities only, the Washington Horse Racing Commission shall, pursuant to the provisions of this Compact, be permitted to monitor the Tribal Gaming Operation to ensure that it is conducted in compliance with the provisions of this Compact. In order to properly monitor the Tribal Gaming Operation, duly authorized agents of the State Gaming Agency (and the Washington Horse Racing Commission, with respect to satellite wagering facilities and activities only) shall have free and unrestricted access to all public areas of the Tribes' Gaming Facilities during normal operating hours with or without giving prior notice to the Tribal Gaming Commission. Provided, that, when possible, notice shall be given to the Tribal Gaming Commission or to a Tribal Gaming Agent in the facility proposed to be monitored and the Tribal Gaming Commission may assign an agent or other representative to accompany the State agent while on Colville Indian Lands. With respect to private areas of the Gaming Facilities which are not accessible to the public, duly authorized agents of the State Gaming Agency (and the Washington Horse Racing Commission, with respect to satellite wagering facilities and activities only) shall have access during normal operating hours, provided the State Gaming Agency has provided the Tribal Gaming Authority with a current list of all authorized State agents, which list shall be updated as agents are added or deleted; and provided further, such State agents may be accompanied at all times into said private areas of the Tribes' Gaming Facilities by a Tribal Gaming Agent. Any investigative materials prepared by State Gaming agents shall be held confidential from the Tribal Gaming Operation until any resulting investigation is completed. Following any investigation, and to the extent such disclosure does not jeopardize the investigation or the personal safety of individuals, the State shall provide the Tribal Gaming Commission with a report of the investigation, including information about evidence gathered in connection with the investigation. It shall be within the State Gaming Agency's discretion whether any agency of the Tribes may have access to identifying information regarding confidential informants. The Tribal Gaming Commission may issue any temporary badge required by Tribal regulation to any state gaming agent for purposes of this Compact.
- B. Access to Records.
1. Agents of the State Gaming Agency and, with respect to the satellite wagering facility and activities only, the Washington Horse Racing Commission, shall have equal authority with the Tribal Gaming Commission to review and copy, during all operating hours, all applicable Class III gaming records maintained by the Tribal Gaming Operation. However, the State Gaming Agency is mindful of the Tribes' desire for privacy, and agrees to examine all records at the Gaming Facility, to the extent practical. The State Gaming Agency further agrees that its agents will only retain copies of records necessary for investigative purposes. Any information derived therefrom shall be deemed strictly confidential, and proprietary financial information of the Tribes. Subject to the requirements of § VII. B. 2. below, or any court order, such information shall be retained by the

State Gaming Agency in its contractual capacity as a signatory to this Compact solely pending its full review process.

2. The State Gaming Agency or, and with respect to satellite wagering facilities and activities only, the Washington State Horse Racing Commission, shall notify the Tribes by certified mail of any requests for disclosure of Tribal information and shall not disclose any such information until the Tribes, the State, or both have had a reasonable opportunity to challenge the request. Provided, this public disclosure prohibition shall not apply to evidence used in any proceeding authorized by this Compact. If the information requested relates to Impact Mitigation fund distributions, as provided for in § XIV(C), the State Gaming Agency may notify the Tribes of the request by using U.S. mail, facsimile, or other means as agreed to by the parties.
- C. Tribal Gaming Commission Notification. At the completion of any State inspection or investigation, copies of the investigative report shall be forwarded to the Tribal Gaming Commission along with copies of evidence and information pertinent to the inspection within five (5) business days after the final report is complete.
- D. Cooperation With Tribal Gaming Commission. The State Gaming Agency and, as applicable, the Washington Horse Racing Commission, shall promptly notify the Tribal Gaming Commission of any activity suspected or occurring, whether within the Gaming Facilities or not, which adversely affects Tribal, State or public interests relating to the Gaming Facilities and Gaming Operation; provided however, such disclosure shall not compromise the interest sought to be protected.

VIII - REGULATORY JURISDICTION RELATING TO ENFORCEMENT OF THE PROVISIONS OF THIS COMPACT

Jurisdiction. The Tribal Gaming Commission, State Gaming Agency, and with respect to the satellite wagering and activities only, the Washington Horse Racing Commission, shall have concurrent jurisdiction to investigate violations of the provisions of this Compact.

IX - LAW ENFORCEMENT JURISDICTION RELATING TO GAMBLING

- A. Investigative Authority. The Tribal Gaming Commission, Colville Tribal Police Services, local law enforcement agencies, the State Gaming Agency and, as applicable to satellite wagering facilities and activities only, the Washington Horse Racing Commission, shall have the authority to investigate any gambling and related crimes committed on Colville Indian Lands as those crimes are set out in RCW 9.46 or RCW 67.16. Except as expressly set forth in this Compact, nothing herein shall be or be deemed to be a consent, grant or waiver of any sovereign right or immunity of the Tribes with respect to the Tribes, Colville Indian Lands, members of the Tribes, or any other individuals or entities subject to Tribal jurisdiction.

- B. Jurisdictional Forums. Following investigation and arrest, formal criminal charges against individuals or entities shall be brought in the appropriate venue. Criminal prosecution of non-Indian defendants shall be in state or federal court. Criminal prosecution of Colville Tribal members and non-member Indians subject to Colville Tribal jurisdiction shall be in Colville Tribal or federal court or, where permitted under law in effect upon the execution of this Compact, in state court. Colville Tribal Court shall be the preferred venue for prosecutions of criminal defendants who are Indian unless the Tribes declines to exercise its jurisdiction. For purposes of this Section, the Tribes shall be deemed to have declined prosecution if, after an Indian criminal defendant is apprehended by a law enforcement agency, the Tribal Prosecuting Attorney does not commence a criminal action in the Colville Tribal Court within one hundred eighty (180) calendar days after receiving all relevant information in the possession of the apprehending agency.
- C. No Consent to Additional State Jurisdiction. Except for the criminal jurisdiction of the State with respect to gaming on Colville Indian Lands contained in this Section and elsewhere for acts of non-Indian individuals, nothing in this Compact shall be deemed a consent or submission of or by the Tribes to the jurisdiction of the State and/or the application of any other laws of the State.
- D. Law Enforcement Coordination. In an attempt to foster a spirit of cooperation between the law enforcement agencies authorized to enforce the criminal laws of the Tribes or the State, representatives of those law enforcement agencies shall meet as soon as practicable after this Compact becomes effective, and periodically thereafter, to discuss mutual concerns and coordinate the enforcement actions necessary to minimize those concerns.

X - ENACTMENT OF REGULATIONS

- A. State Gaming Agency Rules or Regulations. Pursuant to its general rule-making authority contained in RCW 9.46, the State Gaming Agency may enact as part of its rules or regulations governing gambling, all or part of the provisions of this Compact.
- B. Tribal Gaming Commission Regulations. Pursuant to its general rule-making authority, the Tribal Gaming Commission may enact, as part of its regulations governing gambling, all or part of the provisions of this Compact.

XI - REGULATIONS FOR THE OPERATION AND MANAGEMENT OF THE TRIBAL GAMING OPERATION

- A. Adoption of Regulations for Operation and Management. The Tribes and the Tribal Gaming Commission have adopted Tribal Code provisions and regulations to govern the operation and management of the Gaming Operation conducted under the authority of this Compact and Tribal law. These Tribal Code provisions and regulations are attached to this Compact as Appendix A, which the State has reviewed and concurs that said Appendix A is consistent with the goals and standards set forth in this § XI(A). Any new regulations adopted by the Tribal Gaming Commission shall ensure that the interests of

the Tribes and the State relating to Class III gaming are preserved and protected. The regulations shall maintain the public's interest in the integrity of the Gaming Operation, shall reduce the dangers of unfair or illegal practices in the conduct of the Class III Gaming Operation, and shall be consistent with generally accepted standards in the gaming industry. The Tribal Gaming Commission shall notify the State Gaming Agency of any proposed revisions to Appendix A or any other regulations issued after the effective date of this Compact, and shall request the concurrence of the State Gaming Agency for such revisions. The State Gaming Agency concurrence shall be deemed granted unless it submits to the Tribal Gaming Commission a written notice of disagreement within thirty (30) days of submission of the revised standards. The State Gaming Agency shall concur with the proposed revisions upon request, unless it finds that they would have a material adverse impact on the public interest in the integrity of the Gaming Operation, and shall disagree only with such portions of the proposed revised standards which are determined to have a material adverse impact upon such interests. If the State Gaming Agency believes the Tribes' proposed regulations, or any portion thereof, are inconsistent with the goals and standards set forth in this § XI(A), it shall set forth in writing with specificity the reasons for such belief within thirty (30) days after receipt of the proposed revised regulations from the Tribal Gaming Commission. Upon a notice of disagreement, the parties shall meet, and in good faith try to resolve the differences. If unsuccessful, the matter shall be resolved pursuant to § XII of this Compact. The parties agree that any disputed revisions to Appendix A shall not take effect until the State Gaming Agency and the Tribal Gaming Commission meet and confer, or if necessary, until the parties complete the alternative dispute resolution procedures under § XII of this Compact.

B. Additional Operational Requirements Applicable to Class III Gaming. The following additional requirements shall apply to the Gaming Operation conducted by the Tribes:

1. To ensure integrity, the Tribal Gaming Operation shall maintain the following logs as written or computerized records which shall be available for inspection by the State Gaming Agency in accordance with § VII(B) of this Compact: a surveillance log recording all surveillance activities in the monitoring room of each gaming facility; and a security log recording all unusual occurrences that require an evaluation, investigation, or other decision-making process by a Tribal Gaming Agent.
2. The Tribal Gaming Commission shall establish a list of persons barred from the Gaming Facilities because their criminal history or association with career offenders or career offender organizations poses a threat to the integrity of the gaming activities of the Tribes. The Tribal Gaming Commission shall employ its best efforts to exclude persons on such list from entry into its Gaming Facilities. The Tribal Gaming Commission shall send a copy of its list on a quarterly basis to the State Gaming Agency.

3. The Tribal Gaming Commission shall require the audit of the Tribal Gaming Operation, not less than annually, by an independent certified public accountant, in accordance with Generally Accepted Accounting Principles.
4. The Tribal Gaming Commission shall notify the State Gaming Agency of the rules of each game operated by the Tribes and of any change in such rules. To the extent that such rules have been adopted prior to the effective date of this Compact, they are set forth in Appendix A hereto. The State has reviewed Appendix A and concurs with it. Summaries of the rules of each game relevant to the method of play and odds paid to winning bets shall be visibly displayed or available in pamphlet form in the Gaming Facilities. Betting limits applicable to any gaming station shall be displayed at such gaming station. Rules for games identified in § III(A) shall be based upon such games as commonly practiced in Nevada, including wagering, and shall not fundamentally alter the nature of the game as the Tribal Gaming Commission may approve. Rules for games identified in § III(A) shall be submitted to the State Gaming Agency for its review and concurrence, consistent with the standards set forth in this § XI(B)(4). The Tribes shall provide the State Gaming Agency ten (10) business days' advance notice of the rules of each game and any modifications thereof; and shall provide adequate notice to patrons of the Gaming Facilities to advise them of the applicable rules in effect. In the event of a dispute, the matter will be resolved in accordance with § XII of this Compact.

C. Regulation of Gaming Facilities. The following requirements shall apply to the Gaming Facilities maintained by the Tribes, or its manager, or management company, if any:

1. The Gaming Operation shall maintain a closed circuit television system in accordance with the regulations set forth in Appendix A. The Tribal Gaming Commission shall provide the State Gaming Agency with copies of its floor plan and closed circuit television system and any modifications thereof. The floor plan or closed circuit television system shall provide unobstructed camera views of locations where gaming takes place, as well as the cashiers' cages, count rooms and other areas consistent with generally accepted standards in the gaming industry. The Tribal Gaming Commission shall forward a copy of the floor plan and closed circuit television system to the State Gaming Agency for review and consideration prior to final approval. In the event of a dispute, the matter shall be resolved in accordance with the provisions of § XII of this Compact. The parties agree that any disputed modifications to the floor plan or closed circuit television system shall not take effect until the State Gaming Agency and the Tribal Gaming Commission meet and confer, or if necessary, until the parties complete the alternative dispute resolution procedures under § XII of this Compact.
2. The Gaming Operation shall maintain a cashier's cage at each gaming facility in accordance with the standards set forth in Appendix A, and shall not modify such standards without the concurrence of the State Gaming Agency. The Tribal Gaming Commission and the State Gaming Agency may review the cashier's cage

security. If the cashier's cage does not comply with the standards set forth in Appendix A, the Gaming Operation shall modify its cashier's cage to remedy such deficiency. In the event of a dispute the matter will be resolved in accordance with the provisions of § XII of this Compact. The parties agree that any disputed modifications to the cashier's cage shall not take effect until the State Gaming Agency and the Tribal Gaming Commission meet and confer, or if necessary, until the parties complete the alternative dispute resolution procedures under § XII of this Compact.

3. The Gaming Operation shall provide the Tribal Gaming Commission and the State Gaming Agency with a description of its minimum requirements for supervisory staffing for each table gaming pit operated in its Gaming Facilities. In the event the State Gaming Agency regards such supervisory staffing as inadequate, the Tribal Gaming Commission and the State Gaming Agency shall promptly confer in good faith in an effort to reach agreement on supervisory staffing requirements. If agreement cannot be reached between the State Gaming Agency and the Tribal Gaming Commission, the dispute shall be resolved in accordance with § XII of this Compact.
4. Standards for management and operation of the satellite wagering activities shall be consistent with the provisions of this Compact.

XII - REMEDIES FOR BREACH OF COMPACT

- A. **Introduction.** In recognition of, and consistent with, the government-to-government relationship of the Tribes and State, the parties shall make their best efforts to resolve disputes by good faith negotiations whenever possible. Therefore, the parties hereby establish a method of non-judicial dispute resolution in order to foster a spirit of cooperation and efficiency in the administration and monitoring of performance and compliance by each other with the terms, provisions and conditions of this Compact. However, the parties understand that informal and formal mediation may not always lead to satisfactory results. Therefore, in the event either party is dissatisfied with informal and/or formal mediation, they may seek judicial resolution of any disagreement relating to the administration, monitoring of performance and compliance with the terms, provisions and conditions of this Compact; provided, however, the parties are free under this Compact to agree to other alternative dispute resolution mechanisms, such as, but not limited to, binding arbitration. The parties are aware that some sections of this Compact contain an explicit reference to this § XII in the event a dispute arises under that section. Notwithstanding such explicit references, and with respect to all other sections of this Compact, it is the parties' intent that any dispute of whatever kind, type or nature arising under this Compact shall be subject to the provisions of this § XII.
- B. **Mediation** In the event of a dispute or disagreement between the parties regarding the implementation and compliance with any terms, conditions and provisions of this Compact or otherwise by mutual agreement of the parties, disputes shall be resolved as follows:

1. Either party shall give the other, as soon as possible after the event giving rise to the concern, a written notice setting forth the nature of the dispute (including reference to the relevant portions of this Compact), and the issues to be resolved.
2. The parties shall meet and confer in a good faith attempt to resolve the dispute through negotiation not later than ten (10) business days from receipt of the notice.
3. If the dispute is not resolved to the satisfaction of either party within twenty (20) business days of the first meeting, then the parties, at their option, may seek and cause to have the dispute resolved by formal mediation, in which event the parties shall use their best efforts to select a mediator as soon as possible. The mediator's fees and attendant costs of mediation shall be borne equally by the parties.

C. Arbitration.

1. In the event informal and/or formal mediation fails to resolve the dispute between the parties, they may choose, at their option, to resolve their disagreement by arbitration, but only after they have exhausted the procedures set forth in § XII(B)(1) and (2). If the parties elect arbitration, it shall be conducted in accordance with the policies and procedures of the Commercial Rules of Arbitration of the American Arbitration Association (except as modified hereinafter), unless the parties agree to use different policies and procedures; provided, however, the arbitration itself shall not be administered by or proceed before the American Arbitration Association. Sites for such arbitrations shall alternate between Colville Indian Lands and the State Gaming Agency or Washington Horse Racing Commission offices after each arbitration dispute, as follows: the first arbitration dispute, until completed, shall be held on Colville Indian Lands; the next arbitration dispute, until completed, shall be held at the State Gaming Agency or Washington Horse Racing Commission offices; and so forth.
2. In the event arbitration is elected by the parties, the Tribes and the State Gaming Agency shall meet as soon as practicable, and attempt to agree upon an arbitrator to decide the matter at issue, or agree upon a procedure for the selection of an arbitrator.
3. The arbitration, unless another date is stipulated to by the parties, shall occur no later than fourteen (14) business days from the date an arbitrator is named.
4. The decision of the arbitrator shall be final and non-appealable.
5. The arbitrator shall, consistent with this Compact, have the power to impose fines and award equitable relief in his or her discretion and as the circumstances warrant.

6. Nothing in this Section shall be construed to preclude, limit or restrict the ability of the parties to pursue, by mutual agreement, alternative methods of dispute resolution, including but not limited to utilization of a technical advisor to the Tribal Gaming Commission and State Gaming Agency; provided that neither party is under any obligation to agree to such alternative method of dispute resolution.
 7. Each party to the arbitration shall bear its own costs and attorney fees, and the costs of the arbitrator(s) shall be borne equally by the parties.
 8. In the event the parties elect to conduct arbitration, either the Tribes or the State may bring any cause of action against the other authorized by the Federal Arbitration Act ("FAA"), 9 U.S.C. §§ 1-16, but only in any United States district court which has jurisdiction over the subject matter and the parties and is the proper venue for the cause. Such suits shall be limited to actions (a) to compel arbitration, (b) to confirm, vacate or modify an arbitration award obtained under this Section in accordance with the FAA, (c) to enforce any judgment upon such confirmed or modified award, and (d) any other action, if any, authorized by the FAA.
- D. Judicial Resolution of Disputes. In the event either party has exhausted the procedures set forth in § XII(B)(1) and (2), and is not satisfied with the results obtained, said party may initiate litigation in an appropriate United States district court to enforce compliance with or interpretation of the terms, provisions and conditions of this Compact, and for any other relief the United States district court is empowered to grant.
- E. Limited Waiver of Sovereign Immunity. The Tribes and the State agree and understand that waivers of sovereign immunity defenses must be express and unambiguous, and are narrowly construed. Nothing contained in this Compact shall be construed or interpreted to be a consent, grant or waiver of any sovereign right or immunity either the Tribes and/or its members or the State enjoy, except as expressly provided hereinafter.
1. The Tribes hereby agrees to a limited waiver of sovereign immunity for the sole purpose, and no other purpose, of consenting to the suits specified in §§ XII(C)(8) and (D) and XIV(C)(4) of this Compact, such waiver to be in effect only so long as this Compact is in effect.
 2. The State and the State Gaming Agency represent and acknowledge that the State has waived its sovereign immunity with respect to suits interpreting or enforcing any contract to which the State and/or its subordinate agencies has entered into with a private party, which includes an Indian tribe. See RCW 4.92.010; and *Architectural Woods, Inc. v. Washington*, 92 Wash. 2d 521, 598 P.2d 1372 (Wash. 1979). In addition, the State and the State Gaming Agency represent and acknowledge that the State has waived its immunity from those suits set forth in Substitute Sen. Bill 5905, 57th Legislature, 2001 Reg. Sess. Notwithstanding such statutory waivers of immunity, the State hereby reiterates and agrees to a

limited waiver of sovereign immunity for the sole purpose, and no other purpose, of consenting to the suits specified in § XII (C)(8), and (D) of this Compact, and any other suits set forth in Substitute Sen. Bill 5905, 57th Legislature, 2001 Reg. Sess., such waivers to be in effect only so long as this Compact is in effect.

F. Sanctions and Civil Fines. The following is a schedule of civil fines for any violation of the provisions of this Compact. These penalties are set forth as maximums to be set within the reasonable discretion of the Tribal Gaming Commission. The Tribal Gaming Commission may levy fines against the Gaming Operation, manufacturer, supplier, gaming employee or other entities. The State Gaming Agency shall notify the Tribal Gaming Commission of any alleged violations of the provisions of this Compact and may request the Tribal Gaming Commission take appropriate enforcement and/or corrective action. Failure of the Tribal Gaming Commission to take the action recommended by the State Gaming Agency shall constitute a dispute or disagreement between the parties subject to the dispute resolution provisions contained in this § XII of this Compact.

1. For violation of terms, conditions and provisions of § III:
 - (a) First and subsequent violations: Up to a maximum suspension of gaming operations within the Class III gaming facility not to exceed five (5) days of operation (up to 20 hours per day) per violation, or the dollar equivalent of the Net Win to the Tribes from operations for the number of days of suspension, all not to exceed 30 days.
2. For violations of the terms, conditions and provisions of §§ IV and V, non-licensed gaming employee(s), manufacturer(s), supplier(s) or other entities:
 - (a) For employees:
 - (1) first violation: fine equal to daily Net Win for each day of employment divided by the number of gaming stations in play for each day of employment; and
 - (2) for the same employee's second and subsequent violations: suspension of twenty (20) hours of gaming operations for each day of employment or a fine equal to the Net Win for each day of employment.
 - (b) For manufacturers, suppliers and other entities:
 - (1) first violation: up to \$5,000; and
 - (2) second and subsequent violations: up to \$20,000.

3. For violation of the terms, conditions and provisions of § XI and Appendix A:

- (a) For first violation: written warning.
- (b) For second violation: up to \$250.
- (c) For third violation: up to \$500.
- (d) For subsequent violations: up to \$1,000.

All penalties listed in this § XII(F)(3)(a)-(d) will be charged and monitored on a per-violation basis on an annual basis per violator dating from the issuance of the written warning. Provided, during the first six (6) months of actual operation of the Class III Gaming Operation, only written warnings shall be issued.

- G. Method of Assessment and Payment of Fines. Any civil fines assessed by the Tribal Gaming Commission pursuant to the provisions of this Compact shall be paid within thirty (30) days of assessment to a bona fide nonprofit organization whose primary purposes are related to addressing the ills of compulsive or problem gambling within the State, the Tribe and the neighboring communities. Provided, in the event a dispute arises with regard to this subsection, it will be resolved pursuant to § XII of this Compact.

XIII - TRIBAL REIMBURSEMENT OF REGULATORY FEES AND EXPENSES INCURRED BY THE STATE GAMING AGENCY

The Tribes shall reimburse the State Gaming Agency for all reasonable costs and expenses actually incurred by the State Gaming Agency in carrying out its responsibilities as authorized under the provisions of this Compact and the Appendices attached hereto. Reimbursement shall also be made for Tribally requested investigative costs. The State shall submit a verified, detailed statement with supporting documentation on a quarterly basis to the Tribal Gaming Commission. The Tribes shall reimburse the State Gaming Agency within thirty (30) calendar days after the receipt of the statement of expenses. The method of reimbursement shall be on an hourly rate basis that is reasonable and consistent with that charged to other Class III gaming facilities in the State or, if mutually agreed upon by the parties, on an alternate payment rate basis, as set forth in a Memorandum of Understanding. Costs incurred by the State Gaming Agency in common for more than one tribe shall be allocated among such tribes. If the Tribes disputes the State's costs, the Tribes shall pay no less than the amount of the costs which are not in dispute when due to the State Gaming Agency and deposit the remaining disputed amount into an escrow account that is restricted until such dispute is resolved. In the event such a dispute arises, it will be resolved pursuant to § XII of this Compact.

XIV - PUBLIC HEALTH AND SAFETY

- A. **Compliance.** For purposes of this Compact, the Gaming Operation shall comply with, and the Tribes shall enforce standards no less stringent than, the following with respect to public health and safety:
1. Indian Health Service public health and food-handling standards;
 2. All applicable federal laws establishing minimum standards for environmental protection including federal water quality and safe drinking water standards as set out in the Clean Water Act and the Safe Drinking Water Act as may be amended from time-to-time, and applicable federal regulations;
 3. All Tribal Environmental, Water Quality, Public Health, Tribal Occupational Safety and Health, Tribal Building Codes, Land Use and Zoning and other Tribal Code provisions and applicable regulations related to public health and safety; and
 - 4.. To the limited extent not already adopted by the Tribes, the National Uniform Building Code, including the uniform electrical, fire and plumbing codes.
- B. **Emergency, Service Accessibility.** The Tribal Gaming Commission shall make provisions for adequate emergency accessibility and service.
- C. **Impact Mitigation.**
1. The Tribes recognizes that activities directly and indirectly associated with the operation of the Gaming Facilities on Colville Indian Lands may have both positive and negative impacts on local communities and services provided by and to such communities. Regardless of the net impact of any Colville Gaming Facility, to the extent negative impacts and increased burdens may occur to adjacent local communities' law enforcement agencies, emergency services, and other services, the Tribes will continue to pay the direct costs of those impacts and to make specific contributions to communities affected by Tribal Gaming Operation(s), consistent with the requirements and limitations set forth below.
 2. The Tribes shall make available, out of Gaming Operation revenues, funds for the purpose of providing assistance to adjacent local communities' law enforcement, emergency services, and/or service agencies (including those agencies responsible for traffic and transportation) actually and directly impacted by the Class III gaming facilities and shall disburse to those agencies their reasonable costs related to Class III gaming activities, not to exceed cumulatively, two percent (2%) of the net win from Class III gaming activities, in any Tribal fiscal year, except as otherwise excluded under the provisions of this Compact.
 3. The Tribes, acting through the Colville Business Council, shall consider all requests for funds from all adjacent local communities allegedly impacted by

Colville Class III gaming, and shall determine whether to fund such requests and at what level. Such requests shall be supported by appropriate technical reports and/or material related to the subject of the funding request(s). The Tribes shall provide communities requesting said funds with a reasonable opportunity to present their position, and to support said request(s) with appropriate expert testimony and/or reports. Approved payments shall be disbursed every twelve (12) months from the effective date of this Compact.

4. In the event any adjacent local community disagrees with the Tribes' decision regarding the funding of such requests, it may utilize the arbitration provisions set forth in § XII(C)(1)-(8) of this Compact, to resolve that disagreement, subject to the following revisions and additions.
 - (a) If, pursuant to § XII(C)(2), the Tribes and the aggrieved local community are unable to agree upon an arbitrator or upon a procedure for the selection of an arbitrator within twenty (20) business days after their meeting, the Tribes and the aggrieved local community shall each select an arbitrator and the two selected, within twenty (20) business days thereafter, shall select a third arbitrator who shall alone decide the matter in dispute. In the event either the Tribes or the aggrieved local community fail for whatever reason to name an arbitrator (who, if named, would be obligated along with the other party's choice for arbitrator to select a third arbitrator to decide the matter), the participating party (i.e., the one selecting an arbitrator) may unilaterally select an arbitrator to decide the matter in dispute. If, after utilizing these procedures, an arbitrator cannot be selected for any reason, the Tribes and the aggrieved local community may jointly petition the United States District Court for the Eastern District of Washington to select an arbitrator to decide the matter in dispute.
 - (b) If the arbitrator determines the Tribes has acted arbitrarily, capriciously, abusively or not in accordance with § XIV(C)(2) and (3), the powers of the arbitrator shall be limited to directing the Tribes to expend the funds requested by the adjacent local community, or some lesser amount, consistent with the provisions and limitations contained in § XIV(C)(2). Therefore, the provisions of § XII(C)(5) shall not apply to any arbitrations conducted under this § XIV(C).
- D. Community Relations. The Tribes, acting through the Colville Business Council, agrees to be available to meet and discuss with neighboring communities any concerns regarding the impact of the Class III gaming operation upon the neighboring communities.
- E. Alcoholic Beverage Service. Standards for alcohol service within the Gaming Facilities shall be subject to applicable law.

XV - AMENDMENTS, DURATION AND EFFECTIVE DATE

- A. Effective Date. This Compact, promulgated pursuant to IGRA, may be modified or amended by mutual agreement of the parties. This Compact shall take effect upon the occurrence of the last of the three following events: publication of notice of approval by the Secretary of the United States Department of the Interior in the Federal Register in accordance with 25 U.S.C. § 2710(d)(3)(B); certification to the State by the Tribes' Chairperson that the only EGDs in operation at any and all Tribal Gaming Facilities are those authorized either by Appendix Colville or Appendix X; and compliance with § IV(A)(1) of this Compact.
- B. Voluntary Termination. Once effective, this Compact shall be in effect until terminated by the Tribes by submitting written notice sixty (60) calendar days prior to the date of termination to the Governor of the State of Washington and the Secretary of the United States Department of the Interior; provided further, however, the State may continue to exercise any rights granted under this Compact until the completion of any investigation or court action pending as of the date of termination. Suspension or injunction of Class III gaming activities shall not constitute termination for the purpose of this subsection.
- C. Other Termination - Change of State Law. If the laws of the State authorizing Class III gaming activities are repealed prohibiting such gaming for any purpose by any person, organization or entity, this Compact shall continue in full force and effect unless or until either the Tribes or the State initiates the dispute resolution provisions of § XII of this Compact, and a final decision is entered pursuant thereto.
- D. Adjustments/Renegotiations.
1. Adjustments - Mutual. The terms and conditions of this Compact may be amended at any time by the mutual and written agreement of the Tribes and the State, and as provided in this Compact.
 2. Changes to and Interpretation of Laws. This Compact shall be amended automatically if and when:
 - (a) the laws of the State are amended, expanding gaming beyond that which is now allowed under the terms of this Compact;
 - (b) a state or federal court within the State of Washington or a federal court interpreting the laws of the State of Washington issues a final and unappealable decision that permits participation in a gaming activity that the State maintains was not authorized for any purpose by any person, organization or entity at the time this Compact was executed and is not authorized by this Compact;

- (c) federal legislation authorizes the operation of or participation in a gaming activity that was not authorized at the time this Compact was executed or was not authorized by this Compact; or
- (d) any final settlement, consent judgment and/or decree determines or confirms that electronic gambling devices not now authorized herein are the subject of negotiation for a tribal-state compact in Washington State.

The Tribes shall be authorized immediately to commence conducting such activity and may continue to do so notwithstanding the initiation of the dispute resolution provisions of § XII, until a final decision is entered under that Section.

- 3. Renegotiation for Unforeseen Circumstances. At any time after execution of this Compact, the parties shall renegotiate sections of this Compact upon the written notice and request by one party to the other if and when circumstances and events unforeseen at the time of the negotiation and execution of this Compact occur meriting discussion and renegotiation of such provisions.
- 4. Process and Negotiation Standards. All written requests to amend or renegotiate shall include the activities or circumstances to be negotiated together with a statement of the basis supporting the request. The Tribes and the State shall confer and negotiations shall commence within thirty (30) calendar days of the date the written request is received by the non-requesting party. All matters involving negotiations or other amendatory processes under this subsection shall be otherwise governed, controlled and conducted in conformity with the provisions and requirements of 25 U.S.C. § 2710(d). The original terms and provisions of this Compact shall remain in effect unless and until the Tribes and the State agree on renegotiated terms.
- 5. State Authorization of Additional Class III Gaming Activities. In the event the State hereafter authorizes any additional Class III gaming activity, then this Compact shall be amended automatically and the Tribes shall be authorized immediately to commence conducting such activity prior to the subsequent negotiations as provided in § XV(D)(5), provided however, pending completion of the amendment process, such gaming activity shall be conducted in a manner consistent with the terms and conditions of this Compact.
- 6. State Authorization to Other Tribe(s) Modifying Scope of Gaming Compact. Notwithstanding any other provision of this Compact to the contrary, if after the effective date of this Compact, the Secretary of the Department of the Interior approves a compact or secretarial procedures, pursuant to 25 C.F.R. pt. 291, as amended or revised, with any tribe within the State of Washington, or an amendment thereto, and such compact or secretarial procedures gives such tribe more gaming stations, more hours of operation, other Class III gaming activities and/or gambling devices, or otherwise approves a compact, an amendment to a compact or secretarial procedures which gives such tribe an expansion of terms

other than those identified above, then this Compact shall be amended automatically to maintain equality. Provided however, in the event a dispute arises with regard to this subsection, it shall be resolved pursuant to § XII of this Compact.

XVI - DISCLOSURE

The Tribes and the State shall immediately disclose to the other any change in law, regulation, or circumstance which would materially affect or alter the terms of this Compact.

XVII - LIMITATION OF LIABILITY/NO THIRD PARTY RIGHTS

Except for the provisions of § XIV(C)(4) of this Compact, neither the Tribes nor the State are creating, or intend to create, any rights in third parties which would result in any claims of any nature whatsoever against the Tribes or the State as a result of this Compact. Neither the Tribes nor the State has waived immunity from third party suits or claims of any kind or nature whatsoever against them, and nothing contained in this Compact shall be construed to effect a waiver, in whole or in part, of said immunity, except for, and in strict conformance with, the provisions of § XIV(C)(4) of this Compact.

XVIII - NOTICES

Unless otherwise indicated by this Compact, all notices required or authorized to be served shall be served by certified mail or be delivered by other expedited services which require a signature for receipt at the following addresses:

Governor
State of Washington
State Capitol
Olympia, WA 98504

Chairperson
Confederated Tribes of the Colville Reservation
P.O. Box 150
Nespelem, WA 99155

With a copy to:

Director
Washington State Gambling Commission
Post Office Box 42400
Olympia, WA 98504-2400

Office of the Reservation Attorney
Confederated Tribes of the Colville Reservation
P.O. Box 150
Nespelem, WA 99155

XIX - SEVERABILITY

In the event that any section or provision of this Compact is held invalid, or its application to any particular activity is held invalid, the remaining sections of this Compact, and the remaining applications of such section or provision shall continue in full force and effect.

IN WITNESS WHEREOF, the Confederated Tribes of the Colville Reservation and the State of Washington have executed this Compact.

CONFEDERATED TRIBES OF THE COLVILLE RESERVATION

By Joseph A. Pakootas DATED: August 29-2002
Joseph A. Pakootas, Tribal Chair

THE STATE OF WASHINGTON

By Gary Locke DATED: Aug 22, 2002
Gary Locke, Governor